

Government that Works!

New Jersey Department of the Treasury

LOCAL GOVERNMENT BUDGET REVIEW

BOROUGH OF FRENCHTOWN

CHRISTINE TODD WHITMAN
Governor

JAMES A. DiELEUTERIO, JR.
Treasurer

JANE M. KENNY
Commissioner
Department of Community Affairs

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GOVERNMENT THAT WORKS OPPORTUNITIES FOR CHANGE

The Report of the Borough of Frenchtown

New Jerseyans deserve the best government their tax dollars can provide. Governor Whitman is committed to making State Government leaner, smarter and more responsive by bringing a common sense approach to the way government does business. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board. Government on all levels must stop thinking that money is the solution to their problems and start examining how they spend the money they now have. It is time for government to do something different.

Of major concern is the rising cost of local government. There is no doubt that local government costs and the property taxes that pay for them have been rising steadily over the past decade. Prior to Governor Whitman taking office in 1994, the State had never worked as closely with towns to examine what is behind those costs. That is why she created the Local Government Budget Review (LGBR) program. Its mission is simple: to help local governments and school boards find savings and efficiencies without compromising the delivery of services to the public.

The LGBR utilizes an innovative approach combining the expertise of professionals primarily from the Departments of Treasury, Community Affairs and Education with team leaders who are experienced local government managers. In effect, it gives local governments a comprehensive management review and consulting service by the State at no cost to them. To find those "cost drivers" in local government, teams review all aspects of local government operations, looking for ways to improve efficiency and reduce costs.

In addition, teams will document those State regulations and mandates which place burdens on local governments without value added benefits and suggest, on behalf of local officials, which ones should be modified or eliminated. Teams also look for "best practices" and innovative ideas that deserve recognition and that other communities may want to emulate.

In July, 1998, based upon the dramatic success of the program and the number of requests for review services, Governor Whitman ordered the expansion of the program tripling its number of teams in an effort to reach more communities and school districts. The ultimate goal is to provide assistance to local government that results in meaningful property tax relief to the citizens of New Jersey.

THE REVIEW PROCESS

In order for a town, county or school district to participate in the Local Government Budget Review program, a majority of the elected officials must request the help of the review team through a resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the review team, and agree to an open public presentation and discussion of the review team's findings and recommendations.

As part of the review of the Borough of Frenchtown, team members interviewed each elected official, as well as employees, appointees, members of the public, and contractors. The review team examined current collective bargaining agreements, audit reports, public offering statements, annual financial statements, the municipal code and independent reports and recommendations previously developed for the community. In addition to observing employees in the performance of their duties, the review team physically visited and analyzed the work procedures and operations throughout the municipal government.

In general, the review team received the full cooperation and assistance of all employees and elected officials. That cooperation and assistance was testament to the willingness on the part of most to embrace recommendations for change. Those officials and employees who remain skeptical of the need for change or improvement will present a significant challenge for those committed to embracing the recommendations outlined in this report.

Where possible, the potential financial impact of an issue or recommendation is provided in this report. The recommendations do not all have a direct or immediate impact on the budget or the tax rate. In particular, the productivity enhancement values identified in this report do not necessarily reflect actual cash dollars to the municipality, but do represent the cost of the community's current operations and an opportunity to define the value of improving upon such operations. The estimates have been developed in an effort to provide the community an indication of the potential magnitude of each issue and the savings, productivity enhancement, or cost to the community. We recognize that all of these recommendations cannot be accomplished immediately and that some of the savings will occur only in the first year. Many of these suggestions will require negotiations through the collective bargaining process. We believe that these estimates are conservative and achievable.

**LOCAL GOVERNMENT BUDGET REVIEW
EXECUTIVE SUMMARY
BOROUGH OF FRENCHTOWN**

Police

Consolidating the Frenchtown Police Department and entering into an interlocal agreement with a neighboring township for police services, if the opportunity exists, could realize an annual savings of \$75,000 with a revenue enhancement of \$45,000.

Sewer Utility

Investing in a computerized billing and tracking system and aggressively pursuing on-time payment of outstanding bills could result in an annual productivity enhancement of \$6,200.

Public Works

Closing the borough's fuel tank and purchasing all required fuel from a local vendor could provide an annual cost savings of \$3,350. Tank closure would initiate a one-time cost of approximately \$3,500. This action would also eliminate a one-time upgrading expense of approximately \$10,000.

Solid Waste Removal

The borough could realize an annual savings of \$4,000 by having residents compost leaves and/or requiring that leaves be bagged for a weekly pickup.

Contracting out for leaf removal would be \$2,000 less than the cost of the current method of leaf removal.

Turning over the glass and metal can recycling operation to the county could realize a productivity enhancement of \$1,488 as well as an annual cost savings for the borough of \$3,813.

Moving the recycling operation to the public works yard and selling the property which it presently occupies could realize a one time revenue enhancement of \$40,000 coupled with additional tax revenue of \$1,048.

Parks and Recreation

Issuing permits and developing a fee schedule to cover costs incurred by the borough for organized use of the Frenchtown Park and its facilities could realize an estimated annual revenue enhancement of \$1,200.

Facilities, Buildings and Grounds

Reorganizing the fire station and freeing up space in the borough hall to make room for the police station and court clerk's office could generate a one time income for the municipality of \$100,000 along with additional tax revenue of \$2,700.

**COMPARISON OF BUDGET APPROPRIATIONS, STATE AID
AND LOCAL TAX RATE WITH RECOMMENDED REDUCTION IN
BOROUGH OF FRENCHTOWN COSTS**

<u>Areas Involving Monetary Recommendations</u>	<u>Itemized Costs/Savings</u>	<u>Totals</u>
M.I.S./Computer Technology		\$(3,000)
Additional Office Automation	\$(3,000)	
Police		\$120,000
Consolidation	\$75,000	
* Vehicle/Equipment Sale	\$45,000	
Finance & Purchasing		\$(3,000)
Training, Seminars & Conferences	\$(3,000)	
Sewer Utility		\$6,200
Computerized Billing & Tracking System	\$6,200	
Public Works		\$9,850
Fuel Tank Closure - Savings	\$3,350	
Fuel Tank Closure - Value Added Cost	\$(3,500)	
Fuel Tank Closure - Cost Avoidance	\$10,000	
Parks & Recreation		\$1,200
Fee adjustment	\$1,200	
Facilities, Buildings & Grounds		\$102,700
* Sale of Municipal Building	\$100,000	
Additional Tax Revenue	\$2,700	
Solid Waste Removal		\$53,887
Bagging of Leaves	\$4,000	
Glass/Cardboard Pickup for Local Businesses	\$1,538	
Glass/Metal Recycling to County	\$5,301	
* Sale of Recycling Center Property	\$40,000	
Additional Tax Revenue	\$1,048	
Receipt of All Recycling Revenue	\$2,000	
TOTAL SAVINGS/REVENUE ENHANCEMENTS		\$287,837

note: * denotes one-time savings & expenses

Total Amount Raised for Municipal Tax (1996)	\$	509,323
Savings as a % of Municipal Tax		56.5 %
Total Budget (1996)	\$	821,115
Savings as a % of Budget		35.1 %
Total State Aid (1996)	\$	169,840
Savings as a % of State Aid		169.5 %

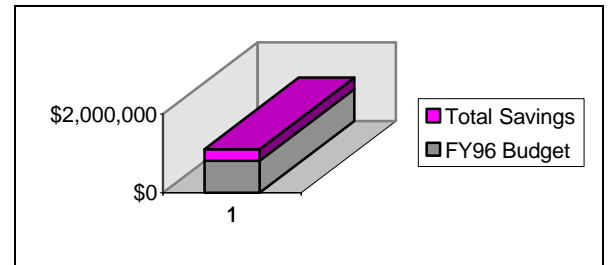
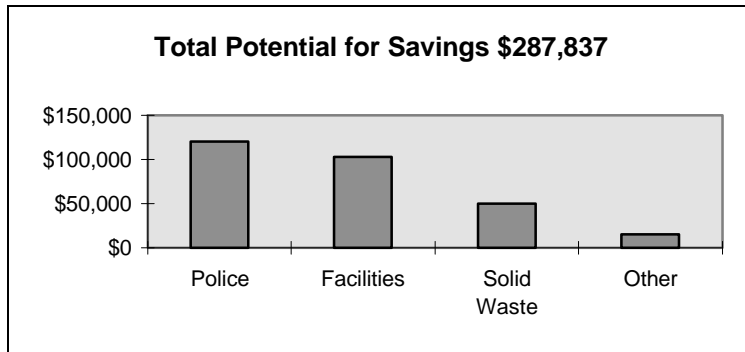


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COMMUNITY OVERVIEW

Frenchtown Borough is located at the western edge of Hunterdon County, on the Delaware River. A bridge in Frenchtown crosses the river connecting the borough to a rural portion of Bucks County, Pennsylvania. As a result, a portion of the commerce and traffic in the borough is attributable to Pennsylvania consumers and commuters who work in northern New Jersey and New York. The borough occupies 1.28 square miles of land and has an estimated population of 1,677 residents. The median family income is approximately \$46,058 and per capita income is \$15,700, based on 1990 census information. The tax base is 68.8% residential and 19.1% commercial. The remaining 12.1% consists of: 4.8% apartments, 3.8% industrial, 0.5% farm and 3.0% vacant.

According to the 1990 census, the racial make-up of the borough was 97.4% White, 1.3% Hispanic and 1.3% other races. The majority of the adults are high school graduates and are employed in technical, sales, administrative support and managerial/professional type occupations.

The nature of the borough has changed considerably in the last two decades. Frenchtown was once a center of commerce for a large geographic area. Though no longer a market town, it has come to be recognized for its scenic and historic character, attracting enough visitors to support a number of good restaurants and attractive shops. There appears to be an on-going effort by both businesses and residents to maintain a delicate balance between revitalizing the borough and preserving its Victorian character. Today, with the exception of two tracts of land which are not readily conducive to being developed, the community is, essentially, fully developed. There are, though, potential sites which could conceivably attract some clean, light industry or service oriented businesses, thereby providing more ratables as well as employment for local people.

I. BEST PRACTICES

A very important part of the Local Government Budget Review report is the Best Practices section. During the course of every review, each review team identifies procedures, programs and practices which are noteworthy and deserving of recognition. Best practices are presented to encourage replication in communities and schools throughout the state. By implementing these practices, municipalities and school districts can benefit from the Local Government Budget Review process and possibly save considerable expense on their own.

Just as we are not able to identify every area of potential cost savings, the review team cannot cite every area of effective effort. The following are those best practices recognized by the team for their cost and/or service delivery effectiveness.

VOLUNTEERISM

The Borough of Frenchtown is endowed with an abundance of volunteerism; characterized not only by individuals' time and effort, but also by voluntary donations to the various departments and units. There appears to be an innate willingness on the part of the public as a whole to address community issues as they arise with a "cooperative spirit" and a "team effort." This volunteerism serves to minimize potential costs while promoting a sharing of ideas and perspectives as well as individual talents, skills and expertise. Frenchtown residents seem to take pride in their community and want to preserve its charm and tranquillity while pursuing economies of scale where possible. Voluntary positions include the following: the Fire and Rescue Department, the Emergency Medical Services Unit, the Planning and Zoning Board, the Board of Health, the Shade Tree Commission, the Library Board of Trustees, Friends of the Library, the Finance Committee, the Parks and Recreation Committee, Friends of the Park and the Sewer Utility Committee.

II. FINDINGS and RECOMMENDATIONS

The purpose of this section of the report is to identify opportunities for change and to make recommendations that will result in more efficient operations and financial savings or enhancements for Frenchtown's residents and taxpayers. One of the fundamental components of the team's analysis is identifying the true cost of a service. To this end, the team prepares a payroll analysis that summarizes personnel costs by function and attributes direct benefit costs to the salary of each individual. This figure will always be different from payroll costs in the budget or in expenditure reports because it includes health benefits, social security, pension, unemployment and other direct benefit costs.

ORGANIZATIONAL STRUCTURE

Governing Body

Frenchtown is governed by a mayor and six council members who are elected at large for staggered three year terms. Most of the council members and the mayor are heading and/or serving on specific committees; each of which include several related operational units. The committees are:

- Administration (Finance, Insurance, Land Use, Planning and Zoning),
- Public Safety (Police, Fire and Rescue, Emergency Medical Services),
- Public Works (Sewer Utility, Facilities, Buildings/Grounds, Streets/Roads),
- Recreation and Education (Parks, Library and Holiday Observance), and
- Health, Welfare and Sanitation (Trash Removal, Recycle).

This organizational structure and manner of operation has resulted in both the elimination of independent decision making by heads of specific operational units and more open and thorough communication between the operational units and council members. It also provides for better understanding on the part of council members regarding expenditures, budget requests, financial status, active projects, and issues and concerns relating to each of the operational units. A new practice has been initiated which calls for any purchase of \$100 or more to be approved by the council member that heads the respective committee for that operational unit or by the mayor in his/her absence. Major purchases require discussion and approval by the council.

Staffing

At the initiation of this study, staffing consisted of six salaried full-time employees: the clerk/tax collector/registrar, the supervisor of public works and one assistant, one chief of police, one police sergeant, and one patrolman; 21 paid part-time employees; and five non-paid volunteers. There are also several boards consisting of community volunteers. (**note:** The patrolman has resigned and has been replaced by two part-time officers, whose combined hours total 32 per week.)

ADMINISTRATION /CLERK

The borough hall office staff consists of one full time person and one part time employee, the Chief Fiscal Officer (CFO), who works approximately seven hours per week. The CFO deals primarily with borough finance; accounts payable, bond anticipatory notes and chart of accounts.

The borough clerk, who also functions as tax collector, registrar, licensing official and sewer rent collector, is officially available to the general public Monday through Friday from 8:30 A.M. to 4:30 P.M. She is the only full-time person working in the borough hall. **Consideration should be given to providing some back up for the borough clerk, should she be out due to illness, vacation, etc.**

The clerk's primary responsibilities include serving as liaison between the borough and the general public, county and state agencies and other local governments; preparing for and documenting council meetings; issuing various licenses and permits such as dog, cat, liquor and food handler; maintaining all borough documents and handling all election responsibilities.

The previous borough clerk worked for the municipality for over twenty-five years. The current clerk, who has been with the borough for 14 months, has reorganized the office and is continuing to modify functions to ensure efficiency and effectiveness, as well as consistency and timeliness.

Code Book

The borough code book has not been updated since 1988 and many of the codes and fees are obsolete. The planning board organized a work group to review all the ordinances and associated fees to ensure that they are in line with neighboring municipalities, as well as meeting the statutory ceilings. The State does not, however, assign a maximum rate on all ordinances. The work group consists of nine members and two alternates. They meet once per month and have been doing so for the better part of this year. There is no deadline as to when the proposal will be presented to the governing body. The board is all volunteer and does not have a certified planner to assist it. Given this scenario, an estimate cannot be made as to how the fee schedule will be changed, since nothing has been decided by the work group. Actually, the review team feels that there are no fees that are so out of line that they need immediate attention or will significantly change the complexion of the fee schedule.

Over the years ordinances were drawn up, revised and revised again and have become extremely difficult for the residents to understand. It is the planning board's intent to revise its ordinances to simplify interpretation. The borough clerk received an estimate of \$3,000 from an outside firm to update and verify the borough's code book. Contracting with professionals to update and verify the code book would be the best approach.

Office Automation

As reported in the tax collection section later in this report, the manual tax accounting and billing system will be replaced by an automated one in January 1998. This is primarily due to the proactive efforts of the borough clerk. Other office functions are being reviewed to determine if

automation will lend a significant enhancement to document processing as well as monthly and annual reporting.

Recommendation: The team commends the borough clerk for her efforts in working with the finance officer to purchase, implement and utilize state-of-the-art automation in the borough hall offices. The team supports and encourages continuing these efforts to transfer administrative functions to a more modern automated system; thereby eliminating manual operations wherever possible, to save time and effort while enhancing productivity.

Borough Directory

The borough administration last published a directory in 1994 which was very informative and useful to the general public. It identified the various departments and municipal functions and provided contact names and phone numbers. Much of the information in this directory is now dated and the borough clerk has not had the opportunity to move on updating this document.

Recommendation: The team feels that an updated version of this directory would be a valuable source of information for the community.

LEGAL

The borough attorney has been serving in this capacity for 18 years. He is appointed by the council each year and his responsibilities include the following: preparing contracts and bids, labor negotiations, preparing resolutions and ordinances and serving as a liaison to the auditor regarding the borough's success in meeting the audit's recommendations.

Savings have been introduced by the CMFO assisting the borough attorney with the preparation of the bond anticipation notes. Formerly, this was done exclusively by the municipal attorney. As a result of the present arrangement, the borough saves approximately \$2,000 a year in attorney fees.

The attorney rarely goes to court except for tax appeals and foreclosures.

Attorney Fees

The attorney's billing rate is \$125 per hour for work outside council meetings, which is typical of Hunterdon County and outlying areas. He receives a flat rate of \$200 per council meeting. The attorney fees for 1996 totaled \$22,000.

The \$125 per hour rate is in line with the market and is not predicated on the area. Other borough attorneys agree that municipal business does not command the same rate as that of a private firm or an individual. It should also be noted that attorneys want the municipal business and are not likely to jeopardize their position by charging exorbitant rates. The borough clerk in Frenchtown feels that the current rate is fair and comparable.

Other Counsel

There is an attorney who handles insurance matters exclusively and one who handles planning and zoning matters exclusively. These attorneys are contracted as needed. There are no significant planning and zoning matters pending that would warrant contracting for an attorney in 1998. There were no special counsels contracted in 1996 or 1997 and no plans to retain any for 1998.

The borough will require a bond counsel in 1998 if it decides to handle the matter of permanent debt financing through the issuance of a bond. The borough has not yet decided on the amount of the bond anticipation note(s), which will dictate the cost of attorney fees. For example, a bond counsel charges a flat fee of \$400 for drawing up or reviewing an ordinance. Likewise, additional charges of \$.50 per thousand dollars of tax anticipation notes is with a minimum fee of \$900 for bond anticipation notes and tax anticipation notes. This rate is also charged for the preparation of an Official Statement.

Recommendation: The Council should consider some form of competitive proposal for awarding legal service contracts to ensure that legal rates are and remain competitive and appropriate. A “not-to-exceed” amount should be included in all professional contracts.

MANAGEMENT INFORMATION SYSTEMS/COMPUTER TECHNOLOGY

The administrative offices of the borough clerk and finance officer are each equipped with a stand-alone Packard-Bell Multimedia Model D195. These were installed in early 1997, shortly after the clerk took office. The clerk utilizes Microsoft Office, Excel and Windows 95 software, whereas, the finance director only uses One Write Plus, which is an Accounts Receivable/Accounts Payable Package.

The police and public works departments do not have PCs; however, there are plans to upgrade an unused computer that is sitting idle in the borough hall, and to install it in the police department office. The details of those plans have not yet been outlined. There are no plans to install a computer in the public works facility.

The court administrator uses an online terminal that allows access to the Automated Traffic System (ATS) and the Automated Criminal System (ACS). These systems are maintained by the State Administrative Office of the Courts (AOC) and reside on its mainframe. The court administrator in Frenchtown does not have a stand-alone PC in her office.

PC Networking

The PCs in Borough Hall are not networked. Presently, there are mixed opinions as to the need for networking the two PCs. This feature would enable the users (the CMFO and the clerk) to share information, at least at the inquiry level, in data files such as accounts payable as well as tax roles. In doing so, this would minimize any potential delay; thereby reducing the time it takes to respond to client inquiries which may come from in-house staff or from the general public. Regardless, the ability to service clients would be enhanced, without increasing staff.

The team realizes that access would be discretionary even for inquiries, but this could be expanded to include the updating and validating of data entry. If the approach is thorough and well-planned, networking can prove to be an asset to the borough in terms of having additional staff assistance and backup, without adding personnel. In Frenchtown Borough, this can work well because the staff is conscientious about their responsibilities and all departments strive to cooperate and assist one another.

E-mail and Voice Mail

Another advantage to a networked environment is the ability to use e-mail. Presently, the department heads call each other on the phone, which is fine if all departments have and utilize voice mail. Often a written message is left or someone will relay the information. This is certainly the simplest way to communicate; however, in a municipality where most of the staff is part-time, the use of e-mail and voice mail, appears to be a prudent move.

Even though each department head has an answering machine, some are located at the person's home, since many of the staff are part-time. Questions pertaining to Frenchtown Borough business should be directed to a municipal phone number. This is not only more professional, but it allows other municipal staff personnel to act as backup when the person being called is unavailable.

Recommendations: The borough council and the department heads should discuss alternatives to the present computer technology environment, as well as the telephone system used by all departments. The municipality is operating with a dated telephone system and inadequate computer system that should be upgraded. Consideration should be given to installing and networking compatible PCs with standardized software and e-mail in all borough offices. Vendors often provide free documentation and demonstrations, as well as some general consulting services, and the borough should take advantage of these provisions.

Ultimately, investing in additional office automation, as well as utilizing that automation to its potential, is likely to result in less error, more efficiency, a reduction in the amount of effort needed and systems of checks and balances for most municipal functions which require information processing.

Value Added Expense: \$3,000

PAYROLL AND BENEFITS

The borough payroll is prepared bi-weekly and distributed every other Friday. The payroll is outsourced to a private company. The borough clerk prepares the data sheets and validates them when the subsequent reports and payroll checks are returned. The finance officer signs the checks and forwards them to the borough clerk for distribution. If there is any question as to the accuracy of the reports or checks, the borough clerk and finance officer work in concert to clear the matter. The borough is pleased with the payroll service.

Overtime

As is mentioned in the introduction of this report, there are five full-time employees and 21 paid part-time staff members, none of whom receive benefits. In 1996, there were six full-time staff members. Overtime was paid to the Streets and Roads Supervisor, the Sewer Operator and the Police officers. There are five contract staff consisting of the borough attorney, animal control officer, borough engineer, planning and zoning board attorney and independent auditor. In 1996, overtime compensation amounted to only 2.6% of the total salaries paid, which the team feels is appreciably less than expected.

Medical and Hospital Insurance

The borough pays all hospital and medical insurance premiums for its full-time employees. The coverage is under the New Jersey State Health Benefits Program. The borough does not offer prescription or vision care coverage.

Sick Leave

The borough entitles its full-time employees to six days per year with no accrual. The only person entitled to accrual is the police sergeant. This coverage was grandfathered under a former labor contract. Notably, the sergeant has 120 days of sick days accrued. The team could not determine if any written agreement was in effect which defined the terms of compensation for accrued, but unused, time.

Recommendation: The team strongly urges the borough to prepare a written agreement with the police sergeant establishing a reasonable cap on sick leave and determining how compensation will be offered in terms of his accrued sick leave. Presently, the borough is carrying an estimated \$17,600 liability on its books. This should be limited as soon as possible.

Personal Leave

The borough offers its full-time employees one day per year with no accrual.

The team finds this leave allotment to be very conservative.

Vacation Leave

The borough policy is to offer its full-time employees the following vacation allowance:

- 5 days after completion of twelve consecutive months of service,
- 10 days from years 2 through 8,
- 15 days from years 9 through 18, and
- 20 days for years 19 and thereafter.

The team considers this to be a fair and practical policy.

INSURANCE

The borough maintains a number of insurance policies including workers comp, group life, disability, surety bonds, unemployment and others.

Other policies dealing with property and casualty are written with a number of companies through a brokerage firm. For example, the borough has a liability policy that covers its law enforcement staff, public officials, buildings, automobiles, machinery and equipment. There is also an accident and sickness policy covering the Emergency Medical Services (EMS) unit.

The aggregate of the premiums for these policies was slightly over \$100,000 in 1997. In 1996, the premiums were \$96,000. The premiums have not increased significantly (between 4% and 5%) and the borough is containing costs by employing mostly part-time staff.

The borough does not have any one person specifically assigned to monitor the insurance policies relative to types of policies needed, coverage, renewals and new premiums. The broker is essentially handling these tasks. Whereas the use of a broker is not uncommon, especially with commercial policies, given their complexities, it behooves the borough to become more knowledgeable about its insurance and what the market has to offer.

A Joint Insurance Fund (JIF) is essentially a pool of commercial clients who purchase their policies in bulk and usually enjoy premium reductions. The only way to know if becoming involved in a JIF is a viable alternative to having the traditional broker agency is to discuss the possibility of joining an appropriate JIF with JIF representatives. Once the information is gathered, the borough can make an educated and prudent decision as to what it feels would be most beneficial for the municipality.

The group health insurance is provided through the State Health Benefits Plan.

Recommendations:

- **The borough should assign a person to be responsible for maintaining the policies and keeping the council apprised of any changes in coverage, premiums, claims and any other matters that would ultimately affect the cost of the policies or jeopardize the coverage.**
- **The borough should look into entering into a JIF and determine if this would be a cost saving possibility.**

WELFARE

The welfare director was a part-time employee who worked from January, 1997 through June, 1997, at which time she resigned. Appropriations for the administration of public assistance for 1996 totaled \$803.31: \$737.99 for salaries and wages and \$65.32 for other expenses. The current caseload is only three clients. The finance committee decided to eliminate the position of welfare director and refer the current caseload in Frenchtown to Hunterdon County, effective January 1, 1998. Until that time, welfare functions are being performed for Frenchtown by a part-time temporary employee familiar with welfare operations. This movement of the administration

of public assistance from the local level to the county level will realize an annual savings for the municipality of approximately \$800.00.

POLICE

General

Demographically, Frenchtown, which is classified under the State Plan as a rural center, is most similar to the following municipalities in Hunterdon County, based on such criteria as population, area, density per square mile and character: Califon Borough, Clinton Town, Glen Gardner Borough and Milford Borough. One dissimilarity between Frenchtown and these other municipalities is the fact that traffic, both automobile and truck, is relatively heavy with the bridge leading to/from Pennsylvania and three highways (Routes 29, 12 and 513) ending in Frenchtown.

Compared to the municipalities mentioned above, Frenchtown had the second highest crime index (39) and crime rate per 1,000 (23.3) in 1996. For 1995, Frenchtown was highest in both categories. Most crime in Frenchtown over the past two years has been in the form of larceny, domestic violence and burglary. There has also been a significant issuance of speeding summonses.

For 1996, the police department expenditures comprised approximately 16.7% of the total general appropriations; \$132,618.55 for salary and wages and \$13,422.96 for other expenses; e.g., auto repair and maintenance, gas, phones and uniforms.

Staffing

The department had consisted of one chief of police, one police sergeant and one patrolman; each officer working a 40 hour week. However, since the initiation of this study, the patrolman has resigned and has been replaced by two part time police officers, each working 16 hours per week (totaling 32 hours). (The remaining eight hours, as well as the other shifts where there are no local police on duty, require State Police coverage.) The municipality also employs a part-time clerk for the police department who works eight to ten hours per week. Her primary functions include typing police reports and correspondence. There is little room for additional growth in Frenchtown; therefore, no anticipated need for additional staffing in the police force.

Core police functions include primary patrol, crime prevention and suppression, arrest and processing, criminal investigation, motor vehicle enforcement and internal affairs. Departmental functions, other than patrol, include DARE, discussions/lectures for local agencies, juvenile/narcotics functions, and some crossing guard work (some of this work is performed by volunteers).

All of the municipalities in Hunterdon County utilize the existing county resources for dispatch services; not only for police, but also for fire and emergency medical services. The costs for these services are covered by county taxes.

During 1996, the average sick time used was approximately two days for each of the three officers. Sick time has not had a serious impact on scheduling and costs because it has not

triggered any overtime. For the past year each of the officers, including the chief, has worked an estimated 150 hours of overtime. The most common reasons for working overtime have been:

- being engaged in a call for service shortly before the end of a shift;
- providing backup assistance for apprehension, processing or providing service requiring special training (e.g., breathalyzers);
- making necessary appearances at court sessions; and
- attending various forms of mandatory training.

Officers, usually by choice, are compensated for overtime hours by “comp time” as opposed to additional salary. Comp time is often taken in short time periods; e.g., 1.5 hour time segments for each one hour of overtime worked, stretched over several days. Creative scheduling of officers by the chief minimizes utilization of overtime.

Automation in the police office is minimal, at best, and includes a typewriter and a photocopy machine. There is no computer for record maintenance and word processing, although there are plans to move one, not being utilized, from the borough hall to the police office.

Services

The Frenchtown Police Department received a total of approximately 1,100 calls in 1996, about 600 of which were important enough to generate reports; averaging about 1.6 calls per day. Of all the calls for service, approximately 60 % come from the county dispatching unit, 35 % from in-person requests and 5 % from phone calls. False alarms are very few and there are no fines or collection rates for them.

Consolidation

Potential exists for consolidation of police services via an interlocal service agreement with two other municipalities which are close, but not contiguous, to Frenchtown. These two municipalities (Milford Borough and Holland Township) are already engaged in a three year interlocal Police Service Agreement (effective 12/22/94).

Milford Borough is classified as a rural center, like Frenchtown, and is located about five miles to the north. It is similar to Frenchtown in that its 1994 estimated population is 1,365 and it covers 1.3 square miles with a density per square mile of 1,050. Through an interlocal agreement, Milford’s police services are provided by the Holland Township police force which consists of six officers and one civilian. Holland Township is totally rural consisting of 22.7 square miles. Its 1994 estimated population is 4,836 with a density per square mile of 213.

The agreement, which has a term of three years, requires Milford Borough to pay Holland Township \$60,000 for the first year, \$65,000 for the second year and \$65,000+ for the third year (a formula utilizing the Consumer Price Index is to be used to determine how much more is to be paid for the third year).

“Consolidation” refers to a situation where one or more entities are dissolved and their functions (and possibly staff) are assumed by another agency which merely grows stronger. In this case it would mean the disbanding of a community’s police department in favor of contracting the police

services from another community. In effect, one police force would be providing full police service, 24 hours per day, to the total area of the municipalities involved in the interlocal agreement and its population. Participation would be established by ordinance, granting authority for the police department of one municipality to enforce each of the other municipalities' ordinances and regulations.

In the case of Frenchtown, the council would be required to enact an ordinance dissolving the existing Frenchtown police force. The interlocal agreement would have to address such issues as required funding and service provision (identical for all participating municipalities; i.e., hours of coverage and distribution of officers, policies and procedures, equipment, duties and functions, powers of performance, authorities, immunities and benefits). It must clearly identify who the appropriate authority will be in the consolidated department, and it should address liability issues and insurance coverage for the consolidated department, in Holland Township, Milford Borough, Frenchtown Borough and while traveling among and outside of those jurisdictions. Also included in the agreement should be the level of protection and a termination clause, should the municipality choose to withdraw from the agreement.

N.J.S.A. 40:8A-1 et. seq., known as the "Interlocal Services Act" permits mutual assistance and services to be provided among two or more municipalities by contract. Although the statute grants the authority to enter into an agreement, it leaves most of the details of any agreement to the parties. A 1992 amendment to the law (N.J.S.A. 40:8-A-6.1) addressed the issue of tenure and pension rights of law enforcement officers employed by agencies affected by the contractual joining of two or more agencies. N.J.S.A. 40:8B-1 et. seq., known as the "Interlocal Services Aid Act" reinforces the latitude given in the authorizing statute by providing a mechanism by which a State agency may administer grants for shared services.

What is likely to be gained in Frenchtown is improved service, including provision of a broader spectrum of specialized functions and the elimination of redundancy in equipment and facilities. Another benefit would be the existence of specialists to provide more in-house training. This translates to getting better value for the tax dollar. It means investing in the future; saving future dollars by containing and managing costs. It means providing services in a manner which minimizes exposure to lawsuit liability, avoiding waste, promoting quality of life and perhaps real estate value.

Areas which should be looked into regarding consolidation of police services include:

- which core services are needed in order for the consolidation of departments to function properly and effectively;
- what level of service for both core and ancillary functions is needed by the communities;
- what specialized services are needed by the communities; and
- what will be the cost of consolidation?

The Department of Community Affairs (DCA) has aid money available to assist law enforcement agencies in regionalization, consolidation and shared services efforts. A letter of intent and explanation to the DCA is needed to obtain any portion of that funding. It should be noted that

the grant process for this assistance is competitive. New interlocal activity which meets the requirements is considered outside the cap for budget purposes.

Recommendation: Consideration should be given to consolidating the Frenchtown Police Department and entering into an interlocal agreement with Holland Township for police services. Consideration should also be given to such provisions as securing employment for existing Frenchtown officers in the Holland force and possibly utilizing the existing police office in Frenchtown as a satellite police office for Holland Township, thereby preserving a component of visibility, a common crime deterrent.

Due to the demographic similarities of Milford and Frenchtown, it should be reasonable to expect a comparable charge for services. This could possibly result in a savings for Frenchtown of approximately \$75,000, while enhancing police services in several ways, as is mentioned above.

Also, the three existing patrol vehicles; each of which is equipped with a radio, shot gun, cage, overhead light, siren, public address system, first aid kit, oxygen unit and radar unit, could realize revenue or savings for the borough should they be sold or made part of the interlocal agreement. The estimated one-time value of the vehicles/equipment is \$45,000; if not as direct revenue then perhaps as an offset of the first year's charge for services.

Cost Savings: \$75,000

Revenue Enhancement/Offset: \$45,000

MUNICIPAL COURT

While the team recognizes the separate authority and responsibility of the judicial branch of government, we have made the following comments and recommendations in an effort to provide the borough with information on current and potential operations, procedures and programs available to the court. Recommendations are made with the knowledge that further review and approval will be required by appropriate judiciary personnel.

The Frenchtown municipal court is a joint court that partners with Alexandria, Holland and Milford Township. The court is known as the Joint Court of Milford. This relationship has been in existence for over 25 years. In fact, this is one of the first joint courts established in this state. The municipal judge has served in the borough for the past 25 years; the court administrator for over eight years.

Staffing

The court administrator is assisted in the court by a deputy, who is available, on occasion, to assist her in the office which is located in a separate building adjacent to the borough hall. All fines are taken in this office.

Computerization

The court administrator uses the judiciary's Automated Traffic System (ATS) and Automated Criminal System (ACS) for entering the court data. The municipality is connected to the judiciary via modem. The office of the court administrator is in a building separate from borough hall. On the infrequent occasions when use of a PC is necessary for miscellaneous correspondence capabilities not available on the ATS/ACS, the court administrator could leave her office briefly to use the finance officer's PC in the borough hall.

Facility

The courtroom is located in the borough hall. Court sessions are held twice a month in the evening and once a month during the day. The court schedule is adequate to cover the caseload and allows for the police to appear in court with a minimum impact on their schedule and overtime pay. The courtroom is adequate to hold the number of defendants summoned to court. There is no separate room for the prosecutor and attorneys to meet with defendants, witnesses and the police. Presently, the judge uses the tax assessor's office located on the second landing of the building. The prosecutor, attorneys and police also use an open office located outside the tax assessor's office. Even though this is not the most suitable arrangement, the team realizes that this building was not designed to accommodate today's caseload. Despite these facility shortcomings, the court session is held on time and without disruption.

The judge, and either the court administrator or the deputy, sit at the same table used by the borough council. The bench is equipped with a protective shield but it does not have a panic button attached to the bench, as prescribed by the AOC. The court administrator brings a remote unit to the courtroom when a session is conducted. This hand-held unit takes the place of a stationary panic button.

The collections are taken by the deputy or the court administrator in the courtroom since there is no other space available. The AOC suggests that fines be taken outside of the courtroom, even if it is in an adjacent room. The fines are recorded to the ATS and ACS the next day since there is no capability for having a terminal installed in the courtroom. Again, there is no alternative to this situation presently, but these factors are being considered in the total scheme of potential remodeling.

Recommendation: The borough should continue in its efforts to review the arrangement in the courtroom as well as that of the records storage capacity.

Recommendation: Consideration should be given to utilizing the offices located on the top floor of the borough hall. These are used during the day by the borough clerk and CMFO. This would provide the required space outside of the courtroom to collect fees and court costs; thereby complying with the AOC regulation. This would also provide space for attorney/client consultation. Any confidential records held by the borough clerk or CMFO should be locked away in a secure location.

Caseload

The team performed an analysis of the criminal and traffic offenses and their relative disposition and collection rates that encompassed a 12 month period. The team concluded that cases pending at the end of the month, versus the number at the beginning of the month, were for the most part lower. This indicates that at least the same number of cases were disposed of each month. Hence, the cases are being cleared in a timely fashion and there is no apparent backlog.

The team also looked at the outstanding delinquent payments and concluded that these are not presenting a problem and late notices are being issued as prescribed. The time payments were analyzed for three months, which was the only information available. There were 71, 67 and 60 traffic tickets on time payments respectively, of which 7, 8 and 3 were delinquent. This translates to a delinquency rate of 10%, 12% and 5% relative to the total time payment tickets processed.

The team also compared the collections to the fines and court costs imposed and found that the criminal offenses had a higher collection rate. The traffic offenses did not fair as well because many of them have not yet been adjudicated, nor has a guilty plea been entered.

Financial

Four bank accounts are on deposit with two banks. The accounts are interest-bearing, but there is no account analysis as described in the report section entitled Cash Management. Additionally, one of the banks charges service fees. Even though the municipal court accounts do not hold what would be considered significant balances, there would be less overhead and more benefit to having the accounts in one bank. This does not necessarily have to be the same bank as the borough, although it might prove to be more advantageous.

Recommendation: The borough should consider changing the present banking arrangements held with both banks. The account structure should be changed to an analysis type with one bank, as mentioned in the report section titled Cash Management System. This would reduce the administrative overhead in terms of having to deal with only one bank. Moreover, analysis fees would be paid with compensating balances as opposed to hard dollars. The interest earnings would not be significant, but the process would be centralized with one bank, thus enabling an easier transition when banking practices or products change.

FIRE & RESCUE

Organization

The Frenchtown Fire and Rescue Department is totally volunteer; consisting of one chief, one assistant chief, one captain, two lieutenants and ten fire fighters. There is one Fire Official who works part time. His functions include life-hazard inspections of the hotel, gas station, rest home, Plessey Buildings, restaurants that serve alcohol, the school, etc. and issuance of smoke detector certificates (one & two family residences). Most of his time is spent processing paperwork, doing inspections, citing violations, suggesting corrections, re-inspecting and issuing certificates. A State official assists the borough with fire subcode related functions, including performing plan reviews along with the fire chief.

Financial

For 1996, the Fire Prevention Bureau expenditures included, in addition to \$1,820 for salary and wages for the Fire Official, \$12,619 for other expenses; i.e., fire hydrant service and fire prevention bureau operations. In addition, \$1,509 was expended for Fire Enforcement - State Fire Code: Uniform Fire Safety Act; new fire equipment and other expenses.

About 90% of the department's funding for operations comes from the municipality and 10% from donations. Expenditures for 1996 for the Union Fire Company & Rescue Squad of the Frenchtown Fire Department totaled \$5,615, which included expenses for routine and/or emergency repairs for vehicles, fuel, telephone bills, etc. Capital expenditures for 1996 totaled \$8,400 and were used for new equipment. Insurance coverage and maintenance is paid by the municipality.

Donations to the Fire Department include mailings (approximately \$6,000 annually), coin pitching (approximately \$4,000 annually) and voluntary donations (approximately \$3,000 annually). Donated funding is used for building maintenance and/or put toward supplemental purchases; e.g., apparatus (trucks). An informal audit of the fire department's revenue from fund raising and donations and expenditures is performed annually by an auditing committee, consisting of members of the fire department. The audit is readily available for review by interested municipal residents.

Services

There were 125 fire and rescue incidents in 1996. The following is a synopsis of these incidents:

Pump Details (due to heavy flooding)	35
Structure Fires	13
Other Fires (cars, dumpsters, etc.)	10
Rescues - (River & High Angle)	12
Other Emergencies	11
Motor Vehicle Accidents	10
False Alarms	9
Activated Business Alarms	8
Assistance Services	5
Investigations	5
Hazardous Materials	4
Mutual Aid	3
 Total Incidents	 125
Total Staff Hours	1,156

The inventory of apparatus consists of:

2 Pumpers	used for all calls
1 Rescue Unit	used for all calls
1 Command Unit (Jeep)	used daily
1 Boat Rescuer	used about 10 times per year
1 Collapsible Trailer	used 0 to 3 times per year

Annual training for all volunteers includes CPR and first aid, provided locally and hazardous materials, which is required by the State. The chief is responsible for all routine training and drills, including classroom instruction and fire/ground drill practice. Presently, all training and refresher requirements are fulfilled. An equipment replacement plan exists along with a running log of equipment usage. All certifications are up to date.

The existing Standard Operating Procedures Manual is in the process of being updated. Response protocols include: fires, activated alarms, pump detail, vehicle extraction rescue, water rescue, high angle rescue, confined space rescue and building collapse rescue. The department is National Fire Protection Association (NFPA) 1500 compliant.

All of the municipalities in Hunterdon County utilize the existing county resources for dispatch services; not only for fire, but also for police and emergency medical services. The costs for these services are covered by county taxes.

A Mutual Aid Agreement exists between the Frenchtown Fire Department and the Garden State Underwater Recovery Unit involving water related incidents. In essence, it calls for the Frenchtown Fire Department to provide boat and operating personnel and the Recovery Unit to provide divers. Each organization provides the other with incident reports. There is no legal liability between the organizations. Cooperative training is provided. Because they are volunteer organizations, there is no compensation for services.

In general, volunteer fire companies, like this one in Frenchtown, are to be commended and supported; however, this commendation and support must be balanced by strong accountability to the residents and taxpayers. An example of this accountability is already in practice in that, as is mentioned earlier in this report, any purchases using municipal moneys by the fire department, or any other department, which exceed \$100, must be acknowledged and approved by the council chairperson for public safety or the mayor, in his absence.

The team commends the borough for implementing this significant measure of accountability.

Equipment

The municipality owns one pumper, one rescue vehicle and equipment (e.g., heavy hydraulics, gas detector, hose, etc.). The Union Fire Company & Rescue Squad of the Frenchtown Fire Department owns one pumper, one boat, one trailer and one jeep. The fire department is presently saving for a ladder truck to service as many as eight high rises (buildings out of reach of ground ladders) and numerous four story homes.

EMERGENCY MEDICAL SERVICES (EMS)

Services

Frenchtown's Emergency Medical Services (EMS) unit is totally voluntary. Calls for service for 1996 totaled 156. See the chart below.

<i>Type of Call</i>	<i>Number</i>	<i>Staff Hours</i>	<i>Hrs. per Call</i>
Medical Emergency Transports	90	471	5.2
Basic Transports	9	53	5.9
Fires	17	48	2.8
Automobile Accidents	12	181	15.1
Standbys	8	55	6.9
Drills	<u>20</u>	<u>113</u>	<u>5.7</u>
Totals	156	921	5.9

Approximately 5% of the calls are related to mutual aid; usually for parts of Kingwood Township or Alexandria Township. Alexandria Township makes an annual contribution to the Frenchtown EMS for their assistance with \$2,400 donated for 1996.

Vehicles include an ambulance for transports and a car for first responses and initial patient care. They are stored at the fire station. Staffing for each call for service usually consists of one driver and two Emergency Medical Technicians (EMT's).

EMS volunteers are on call 24 hours per day. Cooperation with the police and fire departments is reported as being fine. (All municipalities in Hunterdon County utilize the existing county resources (Hunterdon County Communications) for dispatch services; not only for EMS but also for fire and police. The costs for these services are covered by county taxes.)

At this time the EMS unit does not have Standard Operating Guidelines (SOG's) but it does have updated by-laws. A goal is to develop SOG's as soon as possible.

Staffing

EMS is headed by the captain who is responsible for maintaining the ambulance, records of certifications and training. He also processes the monthly and annual reports and maintains the equipment replacement plan. Below the captain are 3 EMT-D's (certified to provide defibrillator services), 4 regular EMT's, 5 drivers and 1 trainee.

Financial

Expenditures for 1996 totaled \$7,043 from municipal funding. This money was used to purchase mandatory equipment and pay for ambulance repairs. Additional revenue includes approximately \$7,000 donated yearly through mailings and the annual donation from Alexandria Township mentioned above (\$2,400). This additional revenue is used for additional gear (e.g., squad jackets) and savings toward a new ambulance.

The EMS unit is to be commended for its voluntary services, its fund raising efforts and its conservative fiscal practices.

FINANCE AND PURCHASING

The borough's financial functions are performed by the borough clerk, who works full time and performs several other primary functions and the finance officer/treasurer, who works four hours per week. These staff members are responsible for a variety of functions, with ultimate responsibility lying with the borough's volunteer finance committee.

Accounts Payable / Receivable

The finance computer system tracks expenditures and maintains the chart of accounts. The treasurer forwards a report to the finance committee which, in turn, forwards monthly reports to respective department heads regarding the status of each department's budget account.

The purchasing process is a simple one that is strictly controlled in so far as the department heads need approval for expenditures that exceed \$100. The purchase requests and orders are maintained by the treasurer. It is the exception when an item is purchased without prior authorization. The system works well, for the most part.

Staffing

The finance officer, whose salary and wages totaled \$7,591 for 1996, has official office hours one afternoon per week. Clearly this is not enough time to complete all of her duties, which include responding to requests from vendors, department heads and banks. Consequently, she works on weekends in the borough hall to ensure that her paperwork is kept up-to-date. The borough clerk has access to the accounts payable files and will, as needed, respond to a question when the CFO is unavailable.

The fact that most of the borough employees are part-time, with a limited number of hours, poses a question about service quality. In the team's findings, it was not seen that service was being hampered by the lack of full-time personnel; however, work does appear to be getting done because many of the part-time staff are working more than their official hours.

According to the finance committee, the present structure of full-time and part-time staff is working well. By the committee's estimate, the borough is saving anywhere from \$50,000 to \$60,000 a year by virtue of using part-time staff and volunteers.

Training and Seminars

Presently, the borough does not have a policy that sets aside funds for staff training. Continued training is vital in keeping pace with the rules and regulations, as well as policies and procedures related to the functioning of any entity. Seminars, conferences and workshops are as important to the line staff as they are the borough officials. The exchange of information can reap many

benefits for the borough, in terms of learning new ways to control spending, enhance revenues and provide better service to the residents.

Recommendation: The team suggests that the borough set aside funds for annual training seminars and conferences. These should be taken by borough staff and council members. A conservative budget estimate would be approximately \$3,000 annually.

Value Added Expense: \$3,000

General Capital Fund

As a result of the team's review of the audit, several concerns were raised regarding long term planning of capital improvements in the borough. The team identified over-expenditures in improvement authorizations, capital projects without bond ordinances and cash deficit balances.

Recommendations: It is recommended that the CFO review the general capital ordinances and spending authorizations to ensure that all statutory requirements are met, and that expenditures be monitored to ensure that over-expenditures do not occur in the future.

It is also recommended that appropriate authorization be obtained for all capital projects. (See 40A: 2 Local Bond Law)

In the Sewer Utility fund there are also over-expenditures in the utility capital ordinances and unfunded balances in inactive improvement authorizations. Again, unexpended balances may be re-appropriated to fund part of the over-expenditures in the ordinances that are over-expended.

Recommendations: It is recommended that the CFO review the utility capital ordinances and spending authorizations to ensure that all statutory requirements are met, and further that expenditures be monitored to ensure that over-expenditures do not occur in the future.

Recommendations: The municipality should consider permanent financing. This would consolidate all bond anticipation notes. Regarding the possible need for a new sewage treatment plant, for which local officials may be obtaining engineering and cost estimates, it should be noted that the funding for this capital improvement could be included in the permanent financing to save the cost of two bond issuances.

Appropriate professionals (e.g., bond counsel, solicitor, auditor) should be consulted regarding any action taken by local officials toward permanent financing. Among other things, they should analyze improvement authorizations to determine if the projects are completed. If so, any balances remaining may be re-appropriated to cover cash deficits.

CASH MANAGEMENT

Cash Reconciliation

The CMFO reconciles all the checking accounts on deposit with Fleet Bank by the 10th of each month, except for the payroll account, which the auditor reconciles. Presently, the borough

maintains 18 accounts with Fleet Bank. A review of the accounts indicated that five of them could be consolidated into one. Additionally, the two public assistance accounts will be closed since the county is taking over this function for the borough. Also, one other account can be closed since it no longer maintains a cash balance. The result of this effort by the finance officer will mean seven less accounts to maintain, which translates to reducing administrative overhead.

Account Analysis

The bank accounts in Fleet Bank are under a customer account analysis which allows aggregating of the cash balances at the end of the business day for purpose of crediting interest. In doing so, the borough gets the benefit of a higher interest rate because it is predicated on the total balances as opposed to each account separately.

The maintenance fees are likewise handled through the account analysis utilizing a process known as compensating balances. This allows the customer to pay for its banking services through the bank's use of the fund balances remaining in the accounts. The service charges are itemized and the actual balance needed to cover that service is computed. This process takes place every day and the bank computes the aggregate charges for the month and compares them to the average balances left in the account. The net is what the bank pays the interest on.

The team's analysis of available cash in the bank and year-to-date earnings for nine months illustrated that the borough garnered a competitive interest rate on its fund balances. The team compared the actual interest paid by Fleet Bank to the estimated potential earnings from the New Jersey Cash Management Fund (NJCMF), as well as to the 91-Day T-Bill, which is the industry benchmark. The team realizes that all funds could not be deposited in total into either one of these instruments, so it factors adjustments into the equation in order to make a fair comparison.

The team concludes that the borough did the best it could to maximize its earnings potential and eliminate the possibility of idle funds.

Cash Management Plan

The borough adopted Resolution No. 97-20 which illustrates its investment procedures and allowable instruments as well as the required reporting and bonding. This plan clearly describes the boundaries of a municipality in terms of its investment restrictions and regulations.

The treasurer does not maintain a formal cash flow nor are there any long or short-term projections done. However, the treasurer monitors the account balances very closely by using components of the accounts payable package. The expenditures are tracked against the account balances which gives the CMFO an up-to-date fund balance. This close monitoring of the accounts is why the borough never falls into a negative position in any of their checking accounts.

Banking Services and Products

The borough does not utilize payroll direct deposit or other automated on-line services such as Balance Reporting. This enables the commercial client to access a real time accounting of the fund balances in any of the cash accounts. Nonetheless, these services along with many others, may not

be cost effective for a small commercial customer. The only way to determine this is for the local entity to meet with its government banking representative.

Recommendations: The team urges the borough to meet with the government banking representative to review the borough's current needs and compare them to the services and products used.

The team suggests that a long-term (one year) cash flow projection be prepared about the time the budget is adopted. This is the perfect opportunity to forecast the future of the borough in terms of its cash position. This is the easiest and most effective means of measuring how accurately revenues and expenditures were predicted. The long-term projection can also be used to develop a short-term version, which would include more detail.

TAX COLLECTION

The borough clerk also serves as the tax collector in terms of actual functions performed. The official tax collector of record, however, is the finance officer. This arrangement is necessary because the State requires that every municipality have a certified tax collector of record. Upon successful completion of the requirements, the borough clerk/tax collector name will be officially recorded. The borough clerk took the test in June, 1998.

The tax collector's primary responsibilities include keeping accurate and timely tax collection records; preparing late notices; imposing penalties accordingly; pursuing timely follow-up of accounts; and ensuring that the borough complies accordingly with the New Jersey statutes. The tax collector's position does not warrant a full-time person in Frenchtown Borough, as these duties require approximately one-third of her time. There are times, however, when the borough clerk's duties interfere with those of the tax collector. Presently, this type of situation is handled by working more hours with no additional compensation.

For 1996, the part time finance officer/tax collector earned \$2,000 in salary for the use of her name and certification number. Once the tax collector/borough clerk receives her certification, the annual compensation to the tax collector/finance officer will be discontinued. A decision has not been made regarding a stipend for the borough clerk/tax collector. A part-time tax collector would cost the borough between \$5,000 and \$7,500 annually, even with the automated system, given the nature and scope of the work. This was noted by the governing body as well as the borough clerk.

Tax Billing Preparation

The annual tax bills are usually prepared and mailed during June or July. The process is presently manual but will be automated by the beginning of January, 1998. Given the nature and magnitude of the billing process, sometimes the annual bills are not prepared and mailed as early as planned. The automated system will enable the tax collector to prepare and mail the bills and notices as scheduled.

An automated tax accounting and billing system will be installed by a private firm at a one-time charge of \$5,400, which has already been encumbered. This same company provides systems for many municipalities and authorities in this state. In addition to its tax system, the firm provides a municipal management system, a municipal revenue system, and a utility billing system. The automated system will provide for more timely and consistent reporting, thus reducing the preparation to an estimated one-fifth (20%) of the tax collector's time. This will result in a productivity enhancement of approximately 12%, which computes to \$65 per week, or \$3,380 annually.

Late Notices and Penalties

Late notices are generated quarterly (February, May, August and November). Likewise, these are now manually generated but will be automated as a result of the automated system which will be in place by January.

The current penalty for a delinquent tax payment is 8% for the first \$1,500 and 18% for any amount thereafter. These penalties can be imposed after 10 days, which is in accordance with State statute. The borough is very conscientious about imposing these penalties. This has been a very effective means of collecting delinquent taxes and encouraging other taxpayers to pay on time.

Between November, 1996 and October, 1997, there were 58 delinquent accounts or 10.6% of the 549 tax bills generated. The value of the delinquent accounts for the fourth quarter of 1997 was only \$20,000. This computes to a mere 0.95% of the 1997 tax bills generated, which was approximately \$2,100,000.

There are, however, about 15 chronic delinquent taxpayers whose payments total between \$2,000 and \$5,000 quarterly. Nonetheless, most of these pay their share, including penalties, within the quarter.

Revenue Collection and Rate

The 1995 and 1996 revenue collections were \$1,770,818 and \$2,073,933 respectively. Likewise, the collection rates were 93.1 % and 92.6 % respectively.

Foreclosures and Tax Liens

Frenchtown Borough has not experienced a problem with foreclosures in recent years. Property owners usually pay their taxes before the tax sale, usually held in June or July. If there is no other alternative, the foreclosure process can usually be completed within six months.

Presently, there is a lien on one 0.4 acre of vacant land which has been on the books since 1984, with a tax collection value of \$68 annually. A final decision has not been made as to the disposition of this issue, but the borough has indicated that it will put this matter to rest in the near future.

According to the borough clerk, there is no record as to who owns the property. The borough would have to perform a title search, which is not necessarily a guarantee, and this would cost several hundred dollars. This is why the borough decided to foreclose on this property.

There was no tax sale for the utility fund during 1996.

Recommendations: The borough should give serious consideration to awarding additional compensation once tax collector certification is obtained by the borough clerk.

The borough should clear its books of the one tax lien it holds. This is presently costing the borough administrative overhead, as insignificant as it may seem, and a foreclosure would allow the sale of the property or use of the property by the community.

A tax sale for the utility fund should be held every year.

TAX ASSESSMENT

The tax assessor's primary responsibilities include keeping accurate tax assessment records, maintaining added and omitted assessments, and ensuring that the borough complies accordingly with the New Jersey statutes. There were five added assessment in 1996 and fifteen in 1997. Frenchtown's assessor has one official business hour per month in the borough hall; however, it is the tax assessor's responsibility to be available at any other time. He conducts most of his work in the field, on an as needed basis, and devotes approximately six hours per week to Frenchtown business. Though not on a regularly scheduled basis, the tax assessor also works in several other municipalities.

Expenditures for 1996 totaled \$7,228; \$6,783 for salary and wages, \$195 for revision of tax map and \$249 for other expenses.

Recommendations: The team suggests that, due to the part-time work schedule of the majority of the borough's employees, the name, work telephone number and official work hours of the tax assessor, as well as every other municipal employee, be published in a directory that is readily available to the general public.

In addition, consideration should be given to changing the tax assessor's official office hours to at least one or two hours a week during the day. The team realizes that the current practice of being available at any time may seem, on the surface, to be more accommodating for the general public; however, we believe that some structure is appropriate.

Abatements and PILOT

The borough does not have a tax abatement program nor does it have any PILOTs (Payments In Lieu Of Taxes).

Improvements and Renovations

There are presently 549 tax lines in Frenchtown which are monitored closely in terms of capital improvements that would result in added assessments. The homeowner must file for a zoning permit with the borough and, subsequently, with the State Department of Community Affairs (DCA) for a building permit. Once DCA issues its permit the homeowner is given one year to start the work. If the project is not started, the permit is revoked.

DCA issues a monthly report to the borough which indicates which permits have been issued, as well as the progress of completed projects. When the project is completed, DCA will issue a certificate of occupancy or a certificate of acceptance. The type of certificate is predicated on the type of renovation. Once DCA issues the certificate, the tax assessor can perform his inspection of the property to determine the impact on the assessment. DCA has issued 65 building permits so far in 1997. In 1996, there were 70 building permits issued. To date, 29 projects have been completed and, notably, there is no backlog on new construction or renovations.

Tax Appeals

For 1996 there was only one tax appeal and there have been three appeals so far in 1997, which resulted in significant tax reductions. The aggregate loss in tax revenue resulting from these three tax appeals is \$18,992. This is a significant loss in terms of hard dollars. However, the overall loss to the borough is only 0.01% of the total taxes collected.

Re-assessments and Tax Base

The borough's tax base is paramount to its economic strength and accurate tax assessments are vital to maintaining this strength. Having a tax assessor that is knowledgeable and conscientious about the process is an integral component to the whole process. The tax assessor did a general re-assessment of the entire borough in 1994 to bring the values in line with the current market.

The last revaluation was done in 1988. The equalization ratio for 1997 was 100.12%. The published tax rate was \$2.45. The equalization ratio for 1996 was 98.16%.

"Added assessment notices" are prepared by the tax assessor and typically mailed out by late September each year. The "net taxable value" of added assessments for 1996 was \$137,800, resulting in an increase in the aggregate real property tax of \$980. In 1997, the amounts were \$772,700 and \$9,636 respectively.

LIBRARY

Organization

Frenchtown Free Public Library is an association library. An association library is one which is established, governed and supported by an association of citizens. Such an association is incorporated, forms its own constitution, appoints or elects its own board and is responsible for operation of the library. It may receive tax support from the local governing body with the extent of that support at the discretion of that governing body.

Staffing consists of one part-time employee (18 hours per week with no benefits) and a volunteer who works the two hours per week that the library is open on Saturdays. Other volunteerism includes programs for children, storytelling and literacy/tutoring services.

The Board of Trustees serves in an advisory capacity, focusing on library operations and business matters. This board also sponsors programs and fund raising activities and makes some purchases for the library. Another organization, called the Friends of the Frenchtown Library, was created in 1992 and draws its members from Frenchtown, Milford, Holland Township and Bucks County, PA. This organization encourages use of the library, generates library programs, finds new resources for the library and initiates/sponsors various fund raising activities; e.g., plant and bake sales which raised almost \$400 in 1996.

Operations

Frenchtown's library is housed in a relatively small facility consisting of four rooms. It serves a relatively large geographic area. In addition to providing for the library needs of Frenchtown residents, patrons come from much of the rural western part of Hunterdon County and parts of Bucks County, Pennsylvania. The 20 hours per week that the library is open to the public includes five days (including Saturdays) and two evenings. The library provides significant recreational reading services to adults and pre-schoolers; but is unable to attract many school age children due to lack of current reference and information materials.

The Frenchtown Library is a member of the Hunterdon County Regional Public Library. As such it received \$2,900 in 1996 from the county library budget for the purchase of materials through the county library. Ordering through the county library provides opportunity for discounts via bulk purchasing. Frenchtown's collection consists of approximately 16,000 volumes (adult and children) and the collection gets weeded out periodically. Total circulation of materials for 1996 was 17,528 and library attendance totaled approximately 15,500.

There is one computer, along with a software collection, for public use. In 1995, the library was the recipient of a \$5,000 Tischler Grant for the computer, printer, CD Rom, monitor, software, etc. Additional grants have been applied for since that time but not received.

Examples of recent library activities which have been well attended include: a walking tour of Frenchtown's historic sites; mystery night where participants used author's names to solve a "literary murder"; a program devoted to the history of Frenchtown as a railroad center; and various story hours and music programs for children.

A review of the New Jersey Public Library Statistics for 1995, a document prepared annually by the State Library, indicated a number of areas in which the Frenchtown Library appears to be operating more efficiently than its comparable counterparts. These include:

- a high circulation per capita,
- a high circulation per volumes held and hours open,
- a high number of volumes per capita
- and a low total expenditures per capita.

One area of concern is the fact that this library has the lowest materials expenditure per capita of the 20 similar libraries to which it was compared for this study.

The review team commends the library for its use of volunteers, its active support from the Friends of the Library group, its tailoring of resources to meet specific needs of the community (e.g., preschoolers and adults), rather than spreading limited resources too thin to try to reach the entire community, and its pursuit of grant funding for one-time costs incurred in specific areas.

Financial

The 1996 operating budget totaled \$17,997; 41.3% budgeted from municipal funding and the remaining 58.7% from fines, interest, per capita state aid, individual donations, Friends of the Library and other private sources. Municipal expenditures for 1996 totaled \$6,949; \$4,949 for salary and wages and \$2,000 for other expenses.

The Frenchtown Library charges ten cents per day for overdue materials, with a maximum of one dollar per month. The total collection for 1996 was an estimated \$45. Other miscellaneous revenue includes interest on savings accounts established by a local club, donations by patrons and various fund raising initiatives.

HEALTH

Health services for all municipalities in Hunterdon County are provided at the county level and have been since 1967. The county health department consists of an environmental health staff and a public health nursing/health education staff contracted through Hunterdon Medical Center in Flemington.

The more common functions performed for Frenchtown clients by the environmental health staff for Frenchtown clients include conducting plan reviews for retail food service (fixed and temporary), conducting routine food service inspections, handling housing and retail food service complaint investigations and performing closure inspections for underground storage tanks.

Public health functions include efforts to prevent and control Lyme Disease and managing general healthcare, including services for communicable diseases, health education, maternal/child health and senior health.

In Frenchtown, a volunteer health board exists as is required by state statute. It consists of a president and three members. Meetings are held quarterly and the board serves as a “watch dog” agency for the borough, focusing on any issues or concerns that could have an impact on the general health in the Frenchtown community.

AFFORDABLE HOUSING

Presently, Frenchtown Borough is engaged in building nine rehabilitation units and three accessory apartments, as required by the Council on Affordable Housing (COAH). The borough has until the year 2002 to complete these structures. So far, two of the rehabs are completed. The Hunterdon Housing Authority has been contracted to manage this project at a cost to the borough of \$2,000 per case (structure). The borough finances the initial \$10,000 for the construction of each unit. When the unit is sold, the purchaser reimburses the borough \$8,000. The remaining \$2,000 is considered administrative costs and thus, is not reimbursable under COAH (Council On Affordable Housing) regulations. The finance committee functions as liaison to contractors, monitors project progress, responds to citizen inquiries and prepares various reports for the Borough Council.

SEWER UTILITY

General

The Sewer Utility Committee is comprised of three volunteer council members. They oversee operations and approve payment of all expenditures. The sewer plant services 456 structures with a total of 805 billing units. The facility, which is located along the Delaware River, is rated for a monthly average flow of 150,000 gallons per day and has been in operation for over 40 years. The building is located within the flood plain of the Delaware River which occasionally causes problems when the river rises. The 1996 sewer utility expenditures were \$68,170 for salaries and wages and \$308,550 for operating expenses, totaling \$376,720. Operating expenses included \$186,824 for bond principal/interest, BANS and interest. Within the past month the borough completed a video camera scan of its sewer lines, which showed infiltration levels to be much lower than expected and, therefore, did not provide cause for concern.

During 1996 a number of violations existed, resulting in the borough being fined \$54,000 by the State Department of Environmental Protection (DEP). The fine was assessed for violations of the New Jersey Pollutant Discharge Elimination System Permit (NJPDES) and the Water Pollution Control Act (WPCA). The violations were a direct result of exceeding the allowable effluent limitations. The operator was relieved of his duties as of December, 1996. The \$54,000 fine assessed by DEP is being paid in quarterly installments of \$13,000. The first payment was made in October, 1997.

In an effort to rectify the situation, the borough has hired two part-time, licensed sewer operators, who have taken on the task of rectifying existing problems that have plagued the facility. Considering the age of the facility and the condition of the equipment, the operators have done an excellent job to date. Some of the equipment is non-functional and they must rely upon ingenuity to keep things running within the effluent limitations set by NJPDES. While the startup period for the new operators was difficult, and at times the facility exceeded the effluent limitations, the facility has been violation free for the past three months.

While there are still operational difficulties yet to overcome, the team is supportive of the efforts made to date by the new operators.

Billing

The yearly cost for the billing operation in Frenchtown including salary, postage, printing and supplies is \$9,469, or \$20.76 per bill. This is based on the borough clerk spending 25% of her time dealing with sewer related business. Current billing operations consist of billing once a year and collecting quarterly. All payment entries are manually entered into a ledger. The entire billing and tracking operation is cumbersome and time consuming. There is no system to determine who, or how much, is overdue without manually reviewing the entire ledger. At this time 119 of 456 accounts are overdue. This amounts to approximately \$31,000, or 9% of the 1997 budget. For accounts that are overdue, the borough charges 8% interest on the first \$1,500 and 18% on any amount over \$1,500.

There is an obvious need to reduce the billing costs incurred by the borough. The borough clerk is currently researching costs involved in converting the task of manual billing and tracking to a computer based system. Initial estimates have been in the area of \$5,000. It is estimated that a computerized system will reduce the time spent dealing in these areas by as much as two thirds. Based on current costs for billing, costs would be reduced to \$3,130 because of the yearly productivity enhancement valued at approximately \$6,200. This enhancement would offset the cost of the computer program in the first year.

Recommendation: It is recommended that the borough invest in a computerized billing and tracking system and aggressively pursue the on time payment of outstanding bills.

Productivity Enhancement: \$6,200

Concern was expressed over the billing rate. The current billing practice is a flat rate of \$100 per quarter per household. Commercial properties with more than 10 employees are assessed on multiple units plus a fee for the total number of employees. The system discriminates against small households with one or two people, while it favors larger households and businesses. It would be more accurate to bill based on water consumption rather than a flat fee. The borough could bill for sewage based on water usage, as reported by the water company. For those households that still use well water, a flow meter can be installed. This would insure equitable billing for all residents and businesses.

Recommendation: It is recommended that the borough revise its billing system and base it on actual water usage. System specifications should be developed in conjunction with the water company to ensure data down-load compatibility which would eliminate the need for manual entries.

Staffing

The sewage facility is staffed by two part-time employees. Both employees share a salary of \$35,000. The facility is staffed each morning, tests are performed, and the required reports are

completed. The facility has devices to alert the operators, at home, if problems occur during the unstaffed periods.

Sewer Treatment Plant

The plant operator provided a tour of the borough's sewer facility. The sewer facility is not in good condition and has a multitude of problems. Obvious problems were observed, such as the skimmer arm on one collection tank being broken off and having fallen into the tank, a valve which is used to flush another tank not being able to open and the walls of the primary settling tank being severely rusted. The condition of the facility is a result of the lack of appropriate maintenance over the years. The reserves, which should have been used for upkeep of the facility, were used for other purposes.

The borough engineer estimated that the pump station has a life expectancy of two to three additional years. He indicated that he would probably recommend to the mayor and council that a new pump station be built. The anticipated cost of replacing the pump station is \$300,000. He also indicated that a replacement of the existing treatment plant should be linked directly to any new development in the borough. At this time there are approximately 200 acres within the borough which are undeveloped. Although grants are not readily available, assistance for construction projects, in the form of low interest loans, is available through the Division of Municipal Finance and Construction within the Department of Environmental Protection.

Recommendation: The team recommends that the mayor and council take action to ensure that surpluses are used for the maintenance of the sewer facility. It is recommended that the council support the engineer's recommendation to construct a new pump facility. It is also recommended that the committee take a more active role in monitoring the day to day operations of the facility. Utility board members should be familiar with the operation of the treatment facility. The board should, per contracts with the licensed operators, require reports on discharge data and equipment condition. The board should set up, through the borough engineer, an ongoing maintenance program which would eliminate many of the existing problems.

PUBLIC WORKS

Facility

The Public Works facility is located on a large plot of land along the Delaware River, adjacent to the sewer facility, and it consists of three buildings. The main building is a four bay concrete block garage with a small office. The two remaining buildings are wood structures, one being a newer, larger five bay lean-to style used to store the sander/spreader, plows, salt, sand, paving equipment and emergency generators and the other being an older four bay structure which houses the mowers, tractor/grader, sweeper, pumps and a number of other pieces of equipment. All of the buildings appear to be in reasonably good condition.

Staffing

Public works staffing consists of two full time employees. This is two down from the four employees for calendar years 1995 and 1996. By eliminating two positions the borough reduced

the public works budget by \$58,914 in wages and benefits. The workweek is 7:00 AM to 3:30 PM, Monday through Friday. Staff members appear to be self motivated and morale is positive. The workers seem to have the ability to deal with situations as they arise; e.g., fabricating parts, building and/or repairing equipment, etc. With no work schedules or detailed documentation of tasks completed, there is no way to determine if the current staffing level is sufficient, other than by noting that there appears to be no backlog regarding work to be done.

Work Load

Operational areas for public works consist of:

- road maintenance and repairs,
- park maintenance,
- facilities and grounds maintenance, and
- recycling.

Secondary or seasonal tasks include minor vehicle maintenance, street sign maintenance, snow and leaf removal and numerous miscellaneous functions as they arise; e.g., emptying the sidewalk trash containers, collecting recyclable materials (as is noted in the recycling section of this report) from local shops and restaurants, etc.

As stated above, public works maintains no written work schedules and routine work is performed as a matter of repetition. For the most part, daily work is determined based on the supervisor's knowledge of what needs to be done, and the supervisor assigns tasks to his assistant, accordingly. Overtime for FY'97 was minimal (approximately \$1,000) and was attributable to snow plowing during the winter months.

Recommendations: The supervisor should develop clearly defined work schedules for routine tasks and periodic (daily or weekly) follow up reports on tasks completed. Such reports could provide statistical data for analysis of the work completed, including volume and time frames. Performance standards for routine tasks could then be developed. This data would assist the council in determining proper staffing levels. It would also facilitate the planning of both routine work and special assignments. Such data could also help in improving/increasing productivity.

As stated earlier in the report, the borough should seriously consider obtaining a computer with related software for such record keeping, as well as fleet management and inventory functions.

Policies & Procedures

There are no written policies and procedures relating to public works operations and responsibilities.

Recommendation: The council should call for the development of a policies and procedures manual for public works which would include the assignment and use of vehicles and equipment. The manual should contain various responsibilities, operating procedures, routine daily, weekly and seasonal functions, etc.

Roads

Public works is responsible for maintaining 6.71 miles of road, 4.41 “improved road” miles and 2.30 “unimproved road” miles. The improved roads in the borough are in relatively good condition with the exception of Milford Road. The borough is equipped to perform macadam overlay, but due to the staff reduction, overlay work is no longer performed. Detailed operational data for the last macadam overlay project does not exist; therefore, calculations on whether or not the borough can perform macadam overlay cost effectively is not available. Current maintenance of improved roads is restricted to patching potholes; while maintenance of the unimproved roads consists of grading, when and where required.

Creek Road, which is “unimproved,” is currently closed as a result of a washout caused by a storm. Recently the borough received a grant to repair the washed-out section and the borough plans to issue an RFP to repair the road in the near future.

A major concern of Frenchtown residents is the heavy truck traffic flowing through town to avoid weigh stations and tolls on other roadways. This heavy traffic deteriorates the roads prematurely, thereby increasing maintenance costs. One local road in particular, Milford Road, which is .6 mile long, is used as a by-pass to divert heavy truck traffic from Harrison Street. While driving down this road, a truck with a GVW rating of 80,000 lbs. was observed driving over a stretch of sidewalk to avoid some of the ruts and bumps. Milford Road is a patch work of potholes and, according to the clerk, the borough does not have any regulations on determining applicable weight restrictions. This road was reportedly never designed to handle the heavy traffic load it is subjected to, nor does it appear to have proper drainage.

Recommendations: It is recommended that the borough council consider drafting an ordinance to change local road weight classification, if allowable by county and state regulations, to exclude heavy transit truck traffic with the exception of local deliveries. It is also recommended that the borough look into securing grants to upgrade Milford Road to handle the heavy truck traffic currently using this road.

The borough should also sell its overlay equipment and continue to contract out for paving projects. Proceeds from the sale of this equipment should be applied to replacement costs for a truck deemed not cost effective to repair (mentioned later in this report).

Vehicles & Equipment

The borough’s vehicle inventory consists of three dump trucks and one flat bed truck. In addition, there is a variety of rolling stock, including a back hoe, a bucket loader, a mower, a tractor/grader, a leaf vacuum and a paving compactor. Other equipment includes plows, a sander/spreader, generators, pumps, chain saws, weed eaters and line painting equipment.

One vehicle, a 1980 flat bed truck, is permanently out of service. It would not pass inspection, apparently due to severe rust. In addition to the storage of borough equipment at the public works facility, there is one piece of surplus equipment sold two years ago which still remains unclaimed.

Recommendation: It is recommended that the flat bed truck be sold, and a new pick up truck should be purchased. The borough should also sell one of the emergency generators which is not used. The remaining generator could be installed in the police station.

It is suggested that the borough develop a policy to set time frames for the removal of sold equipment and forfeiture of equipment which is not claimed within those time frames.

Inventory

There is no equipment/vehicle inventory. The borough maintains a fixed asset report, although it does not appear that all employees are aware of the requirement to maintain this report.

Recommendation: It is suggested that the borough take steps to ensure that all equipment/vehicles, with an original purchase cost of \$500 or more and expected useful life of three years or more, are listed on the borough's fixed asset report. This report should be maintained by the CFO. Inventory data should include the year, make, model, serial number, purchase price and date of purchase. Items valued over \$500, which do not have a serial number, should be assigned an inventory number. Copies should be kept on file in the clerk's office and updates should be made as equipment/vehicles are added or deleted. While the State's inventory requirements are for items with an original purchase price of \$5,000 or more, the lower amount is suggested due to the borough's relatively smaller size.

Vehicle/Equipment Maintenance

Public Works staff perform only minor repair on municipal vehicles/equipment. Major repairs or warranty work are performed by the selling dealer or local garage. Parts purchasing is minimal; therefore, a parts room is not maintained. Vehicle maintenance records kept are insufficient, even for a small scale operation like Frenchtown. The vehicle maintenance records consist of a card with minimal information. Data kept for each entry includes a date and a general work description (e.g., full service). A detailed description of what was actually done, parts or material used, current mileage or who performed the service is not included. With the level of data on file, it is not possible for the supervisor to determine the cost of repairs, any developing trends or cost effectiveness of the repair.

Recommendation: In concert with other computerization improvements recommended, the borough should look into a computerized fleet maintenance system to track all fleet/equipment inventories and maintenance. The detailed data provided by such a system would provide the supervisor with the information required to make management decisions on the cost effectiveness of repairs. It would also help track the cost of repairs and usage of parts and fuel.

Fuel

The borough maintains a 150 gallon underground storage fuel tank at the public works facility which is approximately 15 years old and was last tested for leaks in 1996. The pump is a Gasboy multi-metered system capable of tracking usage for 50 different vehicles. The tank is filled by a local vendor. There does not appear to be any one person responsible to administer the day to day functions of the pump (i.e., taking meter readings, "sticking" the tank, verifying fuel drops,

etc.). The public works supervisor indicated that the majority of the fuel is used by the borough police. Most of the fuel used by public works staff is diesel and is purchased locally. Currently, the vendor makes a fuel drop based on past usage.

The public works supervisor is under the impression that the borough's motor fuel tank is exempt from Underground Storage Tank (UST) regulations. This appears to be a misinterpretation of the UST regulations. Some municipalities assume that they fall under the non-commercial rule for motor fuel which exempts farms or residential tanks with a capacity of 1,100 gallons or less. According to the Department of Environmental Protection (DEP), municipalities do not fall under this exemption. When not used specifically for farm or residential use, the tank must comply with UST regulations, regardless of the tank size. The deadline for compliance with this regulation is December 22, 1998.

If the borough maintains use of the fuel tank, as required by law, it must be equipped with spill prevention, overfill protection and corrosion protection. The tank must also be inspected to determine the integrity of the walls before any modification can be made. The costs associated with these modifications are approximately \$10,000. As an alternative to costly leak detection equipment, the Environmental Protection Agency (EPA) has approved Manual Tank Gauging for tanks under 2,000 gallons. Manual Tank Gauging requires proper sticking, good math and accurate record keeping. The process can be time consuming and requires specific guidelines to be followed. It is estimated that costs associated with Manual Tank Gauging procedures are approximately \$2,100 per year. If all aspects of the process are not followed, a user would fail to meet the leak detection requirements.

The borough is required to carry an insurance policy to cover the financial responsibility requirements. This regulation was enacted when Congress amended Subtitle 1 of the Resource Conservation and Recovery Act in 1986. It was designed to cover tank owners for clean up costs, should a spill occur. Even though federal and state governments are not required to demonstrate financial responsibility, local governments are so required. Municipalities with a throughput of less than 10,000 gallons per month are required to carry coverage of \$500,000 per occurrence. Insurance costs for Group 4-C classification are approximately \$1,100 and \$1,500. The compliance deadline for this regulation was February, 1994. The borough currently does not carry the required insurance.

The borough should consider closing its fuel site to avoid the costs associated with insurance, tank monitoring and modification. Costs for tank closures can run between \$3,500 and \$10,000 depending upon the method used. Tank sites which are not contaminated can be abandoned without removal. Closure costs for uncontaminated sites generally run approximately \$3,500. Considering the age of this tank, it is presumed that the site should not be contaminated. Assistance for closing sites is available through the Petroleum Underground Storage Tank Remediation, Upgrade and Closure Fund within the New Jersey Economic Development Authority, which is administered jointly with DEP.

Recommendation: Based on the volume of fuel used, tank requirements and cost for leak detection equipment and procedures, along with financial responsibility requirements, it is

recommended that the borough consider closing its fuel tank and purchasing all required fuel from a local vendor. This will avoid the costs associated with tank modification estimated to be \$10,000.

Cost Savings: \$ 3,350

Value-Added Cost: \$3,500

Cost Avoidance: \$10,000

Should the borough decide to retain its fueling operation, it is suggested that the borough purchase the appropriate insurance as required by the Resource Conservation and Recovery Act.

Value Added Expense \$1,100 - \$1,500

SOLID WASTE REMOVAL

Leaf Removal

Last year, public works staff spent 384 hours collecting 620 cu. yards of leaves during an eight week period beginning in mid-October and ending in mid-December, at a cost of approximately \$6,000 for salaries and wages, operating expenses and equipment. This method of leaf pick-up is labor intensive and costly. There are a number of options which the borough should explore to reduce time and cost associated with leaf collection. The leaves collected by the borough are disposed of at a local farm; therefore, they do not incur tipping fees. Costs for contracting for the same services through outside vendors are estimated to be approximately \$4,000 using the current disposal site.

Recommendation: The borough should encourage residents to compost leaves by offering opportunities similar to those they offer for recycling household waste. Further, as an alternative to the present method, residents should be required to bag leaves for a leaf pickup once a week, as is done with trash collection. Since most yard work is done on weekends, pickups could be scheduled for Mondays or Tuesdays. This would reduce the required hours from 384 to 128 and would save the borough approximately \$4,000 annually.

Cost Savings: \$4,000

Another option should be for the borough to contract out for leaf removal. It is estimated that this service would cost approximately \$4,000, thereby saving the borough \$2,000 over the current method.

Cost Savings: \$2,000

Trash Removal

Frenchtown contracts out to a private vendor for trash removal. The borough generated and disposed of 600 tons of waste during 1996 at a cost of \$86,566, averaging \$144.26 per ton;

\$61,652 for tipping fees and \$24,960 for hauling fees. Until November, Frenchtown was required to dispose of its municipal waste at the Hunterdon County Transfer Station at a cost of \$93.50 per ton. As the result of a U.S. Supreme Court decision, the use of in-county, regional or out-of-state transfer or final disposal facilities is no longer mandated by State regulation. The borough is now seeking alternative landfill sites to reduce the overall disposal costs.

In an effort to reduce its tipping fees, the borough promoted composting household waste. Last year it held its first home compost bin sale, which was a sellout. This year the borough plans to hold its second annual compost bin sale in early October. In addition, the borough has scheduled two free “How To Compost” seminars. It is believed the effort has reduced the waste stream by .5% realizing a cost savings of \$432 per year.

Recommendation: The borough is to be commended on its efforts to reduce the amount of solid waste it generates through an increased effort at promoting composting.

Recycling

Of the 205.5 tons reported in 1996 the borough’s recycling center collected 137 tons of waste. This 205.5 tons represents 25% of its waste stream. The county picks up newspapers at curbside while the residents are required to bring the remainder of their recyclable material; i.e., glass, metal, cardboard, magazines/junk mail and brush, to the borough operated recycling center, with one exception, which is discussed later. The recycling center is centrally located on a .35 acre plot. Hours of operation are Wednesdays from 1:00 PM to 3:00 PM and Saturdays from 8:00 AM to 12:00 PM. The center is staffed by two part time employees who are highly motivated and strongly believe in the concept of recycling.

The exception mentioned above is that borough employees pick up glass and cardboard from local businesses each Friday between the hours of 1:30 PM and 3:30 PM. This free service is provided at the expense of the taxpayers. One disturbing fact is that one merchant puts out hundreds of bottles in small containers and does not separate the glass by color, as is required. The borough employees must separate the glass bottles at the recycling center. This service costs the borough \$1,538 per year in salary, operational and equipment costs.

Recommendation: It is recommended that the borough cease this service immediately or start billing the businesses to provide enough revenue enhancement to cover the cost.

Cost Savings: \$1,538.

Hunterdon County offers curbside pickup for glass, newspapers and metal cans for all municipalities wishing to participate. Currently the public works staff must transport recyclable waste; i.e. glass, tin cans and cardboard to various transfer facilities. By having the county pick up glass, metal cans and newspapers the borough can eliminate the need for the public works crew to transport this material to the transfer stations. This would result in a productivity enhancement of \$1,488 annually. In addition, it is anticipated that by having curbside pickup the recycling rate would increase by 20%, thus decreasing the tipping fees by \$3,813.

The borough would still have to collect cardboard, magazines/junk mail and brush. The recycling operation could be moved to the public works yard utilizing the same hours. There is sufficient space in the public works yard to accommodate the magazine dumpster and the cardboard can be stored inside the end bay of the garage when the surplus equipment is removed and the paving compactor is sold. The borough should consider purchasing a small chipper to turn the brush into mulch. This would eliminate the need to transport it to the current dump site. The mulch could be used around the borough's buildings or made available to the residents at a nominal charge. The property now used for the recycling center could be sold generating one time income, as well as tax revenue.

The recycling coordinator, using his personal vehicle, trucks the various metal products collected to a variety of locations and the weight slips are turned in at the end of each year. Although these weight slips show that \$4,108 was collected during 1995 and 1996, the records regarding the proceeds of the revenue were unavailable. The recycling chairperson indicated that he is going to look into the matter and take appropriate action.

Recommendations: It is recommended that the borough turn over its glass and metal can recycling operation to the county to realize a 2% productivity enhancement and a cost reduction.

Productivity Enhancement: \$1,488

Cost Savings: \$3,813

It is also recommended that the recycling operation move to the public works yard and that the property which is now occupied by the recycling center be sold. This could result in a one time income of approximately \$40,000 and additional tax revenue of \$ 1,048 per year.

Revenue Enhancement: \$ 40,000

Recurring Revenue: \$ 1,048

The borough must ensure that it receives all applicable recycling revenue.

Revenue Enhancement: \$2,000 (yearly average of the two years identified)

PARKS and RECREATION

The borough's parks and recreation functions are administered by a volunteer committee consisting of a chairperson and two members. In 1996, parks and playgrounds expenditures totaled \$7,109. The salary and wages listed below reflect a portion of the total salary and wages of the two public works employees who spend a part of their time maintaining the parks.

Salary and Wages	\$ 4,080
Other Expenses	
Delaware Valley Athletic Association	\$ 400
Miscellaneous	\$ 1,729
Public Events/Celebrations	\$ 400
Senior Citizen Functions	<u>\$ 500</u>
Total	\$ 7,109

Frenchtown Park is located at the junction of Creek Road and Kingwood Avenue. It is mainly utilized by children, accompanied by a guardian, in the one to five age group. The park grounds are maintained by the public works staff. A volunteer association known as Friends of the Park works with the Parks and Recreation Committee to raise funds for the purchase of equipment; e.g., swings, jungle gyms, seesaws, basketball equipment, etc.

Unlike many municipalities, the borough does not sponsor any programs, clinics, activities or special events geared to teenage needs or interests.

Recommendation: It is recommended that the borough look into instituting programs and activities geared toward addressing the needs of the teenage community. The borough should solicit input from the teenage community in the development of such activities and programs. The recent acquisition of the Plessey Field is a major step in this direction as it provides space for such structured activity.

Policies and Procedures

There are no formal policies or procedures for issuance of permits for use of the Frenchtown Park by groups of residents and/or non-residents. With the recent purchase of the Plessey Field it is even more advisable that such documents exist. Policies and procedures should cover such criteria as usage fees, space limitations, group size limits, hours of usage, clean-up arrangements and insurance liability. Any policies governing fees for properties purchased with Green Acres funds should comply with Green Acres guidelines.

Recommendation: It is recommended that the borough develop formal policies and procedures for issuance of permits along with a fee schedule to cover the costs incurred by the borough for organized use of the Frenchtown Park and its facilities. It is estimated that approximately 60 permits would be issued during the course of a year.

Estimated Revenue Enhancement: \$1,200

Facilities

The borough has a substantial river front area of approximately 23 acres. On weekends and holidays the area is extensively used for biking, walking and jogging. The borough provides parking between the river and the bike/walking trail, on the west side of River Road. The borough maintains the parking lot and provides trash collection and removal for the area. The borough incurs the costs to provide the parking space and related services, yet does not charge anything for parking.

One of the top priorities for the Parks and Recreation Committee has been the purchase of an eight acre tract of land known as Plessey Field. The property is located on Harrison Street across from the elementary school. The property was owned by the local ceramics company. For more than 50 years, with the owner's consent, the public and local school used the area as a recreational area. Several ball fields were developed on the property and the field, in general, was maintained by the public works crew.

In 1993 the ceramics plant was sold and the new owner stopped all use of the property. Since that time, the property has not been maintained and the condition of the field has deteriorated. Offers made by the borough to purchase the field were rejected by the owner. Recently, the borough agreed to pay the asking price of \$350,000. The purchase will be financed with a \$262,500 loan and a \$87,500 grant from the Department of Environmental Protection's Green Acre Trust Program. The borough's goal is to revert the property back to athletic fields. The cost of the property and the related costs of re-developing the grounds into a viable recreation area will certainly impact the borough's budget.

Recommendations: It is recommended that the borough upgrade and expand its parking facility by laying gravel, installing signs and marking parking stalls. The borough should also explore the possibility of installing public toilet facilities in the proximity of the river front park area. The borough should look into different ways to offset the costs incurred by maintaining the river park area. Perhaps local merchants could provide some assistance, since they stand to profit from such efforts directly and/or indirectly.

The Parks and Recreation Committee should explore all possible avenues to make the Plessey Field a self-sustaining venture. Some areas to consider are field usage fees, concession stand construction and operation and sponsoring carnivals or fairs. Green Acre funding regulations and restrictions should be reviewed prior to planning any specific fund raising initiatives.

PLANNING AND ZONING

In the mid-eighties the Frenchtown Planning and Zoning Board revised ordinances and made zoning changes in anticipation of a building boom. The boom was expected to accompany the completion of Route 78 to New York, which now provided easy access for commuters. Several large industrial facilities were set up along the Route 78 corridor and many of the surrounding communities saw substantial increases in housing development. The economic decline that soon followed put an end to the building boom which left Frenchtown essentially unchanged. Although these changes would prepare the borough for future development, a number of long standing issues; e.g., parking and sewage capacity, still exist. The biggest obstacle the Board faces is to plan for the future while preserving the small-town character of Frenchtown. The nine member board is made up entirely of volunteers. It employs one paid, part time secretary.

During the first nine months of calendar year 1997, the board reviewed 23 sign applications, 18 variances and a number of resolutions. It appears that the decisions rendered by the board are in keeping with the goals and objectives in the master plan. The board does not track fees charged for applications and variances; therefore, it is unaware if the fees charged cover the costs incurred by the board. In 1996, the Board's expense totaled \$5,690.11; \$2,199.94 for salary and wages and \$3,490.17 for other expenses. Fees charged by the borough appear to be slightly lower than similar communities.

Recommendation: It is recommended that the board analyze application fees and costs and adjust the fees charged accordingly to recover most of the costs incurred. To develop this rate, it is suggested that the board review the fees and costs incurred during 1996 as well as 1997. The board should do periodic reviews to make sure the fees are in line with costs incurred; perhaps, by requesting quarterly reports from the CFO.

Legal Service

The board's attorney is under formal contract, which is approved by resolution. He sits in on all meetings to render legal advice and is compensated at a rate of \$100 per meeting and \$100 per hour for any legal service performed outside of attendance of regular meetings. He has held this position for approximately 10 years. These rates seem to be in line with rates charged in surrounding communities. The contract with the borough's attorney was not part of a competitive proposal process and does not contain a "not to exceed" amount.

Recommendation: The board should consider some form of competitive proposal when preparing to award the Agreement for Professional Services for 1998 to ensure that the legal rate is competitive and appropriate. The borough should consider including a "not to exceed" amount in all professional contracts.

Zoning Enforcement

Anyone wishing to erect new buildings, modify existing structures, or install pools or decks must apply to the zoning officer for approval. The zoning officer reviews applications for compliance with local codes. Upon approval, applicants must apply for a building permit through the New Jersey Division of Codes and Standards. If applications are rejected by the zoning officer for non-compliance with local codes, applicants must apply for a variance with the planning and zoning board. The zoning officer, who has been employed since February, 1997, is a part time employee and is paid \$4,000 per year.

Historical data for permits issued during 1995 and 1996 is not available, according to the zoning officer. Only three monthly reports for 1997 were available for review: February, April, and May. In February, two zoning permits were issued, four in April and five in May. The zoning officer expects that about 30 permits will be issued by the end of this year. The officer spends, on average, 25 hours a month dealing with permits, site inspections and complaint resolutions.

Recommendation: The borough should require detailed documentation for all activities conducted by the zoning officer. In addition to the data provided in the monthly report, information regarding the number of inspections and complaint investigations and the

outcome of each occurrence should also be provided. The report should be submitted to the Planning Board Secretary prior to each monthly board meeting.

FACILITIES, BUILDINGS AND GROUNDS

Frenchtown's municipal facilities consist of six buildings: the borough hall, police station, fire station, public works garages, sewer facility and public restroom. The borough hall houses the clerk's office and court/council chambers on the second floor and the public library, storage and weight/exercise room for the volunteer firemen on the first floor. A piece of antique fire apparatus is also stored on this floor. A converted two story home next to the borough hall houses the police department and the court clerk's office. The fire station is a concrete block building also next to the borough hall. It is used to store four pieces of equipment and has a kitchen on the first floor, along with a game room on the second floor. A description of the public works garages and sewer facility can be found in their respective sections of this report. The public restroom is located in Frenchtown Park.

The 1996 operating expenses for buildings and grounds was \$17,844.71. There are a number of apparent problems with both borough hall and the building housing the police station. Both buildings are well over 100 years old and show their age. The borough simply does not have a building maintenance program, which is especially important for older buildings. The fire station, public works garage and restroom facility appear to be in acceptable condition.

The borough hall is plagued by peeling paint on all the window frames, as well as the trim, and there is cracked glass in some of the windows. The rail and stile of one window frame is pulling apart and, if left uncorrected, will become a safety hazard. The roof on the front half of borough hall is leaking and a light fixture in the court/council chambers area is pulling away from the ceiling. Again, if left uncorrected, it will become a safety hazard.

At the police station the paint on the window frames, trim and porch is peeling. In addition, some of the wood on the front porch is rotted and needs replacement. Although a handicap accessible ramp was installed in the rear of the building, the walkway from the rear parking lot to the police station/court clerk's office is crushed stone, which makes it difficult for wheelchair access to the ramp. The walkway needs paving to facilitate access by handicapped persons.

Recommendations: The council should immediately bid out for repair of the roof and light fixture in the borough hall and the walkway from the parking lot to the police station should be paved.

One option for addressing maintenance needs would be to coordinate all available community service time to correspond with projected maintenance projects rather than random assignments, as is the case now.

A second option would be to redirect the time and efforts of the two part-time employees who pick up recyclable materials from local businesses to maintenance of facilities instead.

Building Utilization

Utilization of the two borough buildings and the fire station on Second Street should be reviewed. In the fire station, the room which is equipped as a commercial kitchen is not utilized as intended. The fire company does not run functions requiring a commercial size kitchen. The weight/exercise room located under the clerks office is strewn with exercise equipment and office furniture.

Recommendations: The borough should recommend that the fire company dispose of the kitchen equipment in the fire station and transfer the exercise and antique apparatus, presently housed in the municipal building, into what is now the kitchen area. The police department office, as well as the court clerk's office, could conceivably be moved into what is now exercise and storage area and the municipal building, in which they are now located, could be sold. This would generate a one time income of \$100,000 in addition to annual tax revenue of \$ 2,700 per year.

Revenue Enhancement: \$100,000

Recurring Revenue: \$ 2,700

SHARED SERVICES

Borough and School

There are several areas where the K-8 Frenchtown Elementary School and the municipality engage in shared services as a means of minimizing costs and increasing work efficiencies for both organizations. They include:

- snow plowing and removal by the municipality along with salting and sanding of school surfaces;
- and use of school facilities for public recreational activities.

Areas where there is potential for additional sharing of services between the school and the municipality include the following:

- custodial and maintenance services for both the school and the municipal offices could be assumed by the school staff;
- bulk purchasing of heating fuel for both users;
- grounds maintenance (including the newly purchased Plessey Field) by the municipality;
- and vehicle fuel and maintenance functions being performed by the municipality.

As a result of any additional cooperative effort, there would be monetary savings to the Frenchtown resident and taxpayer, as well as work efficiencies. The board of education and the borough council should be encouraged to continually look for new opportunities to add to their cooperative efforts. Both entities should avail themselves of the general interlocal services technical assistance available through the State Department of Community Affairs (DCA) and also investigate the Joint Services Incentive Grants now available through DCA. For this fiscal year (FY'98), there is \$500,000 available from the State for such grants.

Borough and Other Communities

There are several examples of shared services between Frenchtown and other municipalities, most of which are related to public safety services. Mutual aid agreements exist which provide for mutual backup for fire and rescue services as well as emergency medical services. The State Police provide backup and some shift coverage for the municipal police department.

Also, a number of services are provided for Frenchtown as well as all other municipalities in Hunterdon County by the county. They include dispatching services for public safety (police, fire and rescue and EMS), Hunterdon County Library services, health services and, effective January 1, 1998, welfare services.

The team commends the borough for its significant shared services agreements and suggests it consider all possible additional shared services agreements.

III. STATUTORY and REGULATORY REFORM

The third and final section of the report, Statutory and Regulatory Reform, attempts to identify those areas where existing State regulations or statutory mandates are brought to the attention of the LGBR review team by local officials which appear to have an adverse effect on efficient and cost effective local operations. It is common for local officials to blame high costs and increased taxes on “state mandates”. Each review team is then charged with reporting those areas in this section of the report. The findings summarized below will be reviewed by the appropriate state agency for the purpose of initiating constructive change at the state level.

INTERLOCAL SERVICES AID ACT

LGBR encourages the continued support of shared services aid to municipalities willing and able to explore and implement practical shared service arrangements. There has been two years’ funding at \$500,000 in the State budget for this purpose and the team further urges local governments to avail themselves of this opportunity.

COUNCIL ON AFFORDABLE HOUSING

The Council on Affordable Housing (COAH) presently follows a six year cycle. Several of the criteria used in the COAH formula are taken from the most recent census data. Since the census data is updated every ten years (not six), data used is often not the most current and therefore may be inaccurate in reflecting existing conditions in municipalities. Frenchtown has approached COAH regarding avenues that might be pursued to accommodate the difference in the data cycles between the COAH process and the census. LGBR would be happy to assist in the facilitation of this discussion.

LOCAL GOVERNMENT BUDGET REVIEW

James A. DiEleuterio, Jr., State Treasurer
Louis C. Goetting, Deputy State Treasurer
David Mortimer, Assistant State Treasurer
Meredith Stengel, Director, Local Government Budget Review
Wayne A. Cochrane, Ed.D., Deputy Director, Local Government Budget Review

Jane M. Kenny, Commissioner, Department of Community Affairs
Beth Gates, Director, Division of Local Government Services

REVIEW TEAM

James J. Stores, Team Leader
Department of the Treasury
Local Government Budget Review

Edward Montague
Vincent Mastrocola